

## CHAPTER 7-07 FOREIGN CORPORATIONS AND ASSOCIATIONS

**7-07-01. Laws of foreign jurisdiction applicable in North Dakota.** When by the laws of any other state, territory, or nation any taxes, fines, penalties, licenses, fees, deposits of money or securities, or other obligations or prohibitions, are imposed on building and loan associations of this state doing business in such other state, territory, or nation, or upon their agents therein, as long as such laws continue in force, the same obligations and prohibitions must be imposed on the associations or corporations of such other state, territory, or nation doing or attempting to do a building and loan business, or a business of like kind or character, in this state, and upon their agents herein.

**7-07-02. Instruments to be filed.** Any foreign corporation as defined in this title, before doing business within this state, shall file in the office of the secretary of state and in the office of the commissioner of financial institutions a duly authenticated copy of its charter, articles of incorporation, or articles of agreement, a copy of its bylaws and other rules and regulations showing the method of conducting its business, and also a statement verified by oath of the president and secretary of such corporation, or by oath of its managing officials if it is other than a corporation, showing:

1. The name of the corporation and the location of its principal office or place of business without this state, and the location of the place of business or principal office within this state.
2. The names and residences of the officers, trustees, or directors.
3. The amount of paid-in capital stock or outstanding shares.
4. The amount invested in the state of North Dakota.
5. The names, addresses, and the total cash credits of all of its stockholders, shareholders, investors, and customers who reside in the state of North Dakota.

A similar statement must be filed annually thereafter as of December thirty-first with the commissioner within twenty days after December thirty-first of each year.

The corporation shall file, at the same time and in the same offices, a certificate signed by its president, vice president, or other acting head, and its secretary, if there is one, certifying: that the corporation has consented to all the license laws and other laws of the state of North Dakota relative to foreign corporations; that it has consented to be sued in the courts in this state upon all claims for relief arising against it in this state; that service of process in any action or proceeding brought against it may be made upon the secretary of state of North Dakota; and that service of process, when so made upon the secretary of state, is valid service on the corporation.

**7-07-03. Securities to be deposited - Surety bond.** A foreign corporation before doing business in this state shall deposit with the Bank of North Dakota, any federal reserve bank, or any other custodian approved by the commissioner one hundred thousand dollars in cash or bonds of the United States, bonds of any state of the United States, bonds of any county or municipal corporation in the state of North Dakota, or mortgages which are first liens on improved and productive real estate located within this state worth at least twice the amount of the liens. Such securities must be approved in advance by the commissioner of financial institutions. The commissioner has authority to require such foreign corporation to deposit additional securities and to order a change in any of the securities so deposited, at any time. Such deposit must be held as security for all claims of residents of this state against such foreign corporation, and is liable for all judgments or decrees against such corporation. Said securities may not be released until all its obligations to residents of this state have been fully performed and discharged. Such foreign corporation may collect and use the interest on any securities so deposited as long as it fulfills its obligations and complies with the provisions of this title. It also may exchange them for

other securities of equal value, if such exchange is approved by the commissioner. Any foreign corporation, in lieu of the deposit of securities as herein provided, may deposit with the commissioner a surety company bond, satisfactory to the commissioner, in the sum of one hundred thousand dollars, which must be conditioned for the payment of any judgment entered against such foreign corporation by any court of competent jurisdiction in this state, in favor of any resident of this state. Such judgment creditor has the right to bring suit on such bond in the creditor's own name in the county in which such judgment is rendered, and any resident of this state having a claim against such foreign corporation may bring suit in that person's own name against the surety company by joining such surety company and such foreign building and loan corporation as parties defendant.

**7-07-04. Securities deposited.** Upon deposit with the custodian by such foreign corporation of the securities as provided for in this chapter, the deposit certificate must authorize the commissioner to cause the deposit, in whole or in part, to be transferred to the commissioner upon the commissioner's demand. An original of the deposit certificate must be furnished to the commissioner.

**7-07-05. Certificate to do business.** Whenever a foreign corporation has complied with the provisions of this chapter, it shall furnish to the commissioner of financial institutions a full and complete statement of its financial affairs duly sworn to by its president and secretary, or by its officers holding like position. The commissioner immediately shall make an examination, either in person or by the commissioner's duly authorized representative, of the corporation's assets and records to determine whether or not its financial status meets the requirements of this title. The foreign corporation shall pay the same fees for such examination as are provided in section 7-05-01. The commissioner, if the commissioner is satisfied that such foreign corporation is in sound financial condition, that it is conducting its business in accordance with the laws of this state, and that it is safe, reliable, and entitled to public confidence, shall issue a certificate of authority to do business in this state to such foreign corporation upon the payment by it of the fees provided for in this chapter. Such certificate must be for one year and must be renewed each year. The commissioner, in the commissioner's discretion, may accept a report of an examination of the affairs of such foreign corporation made under lawful authority by a supervising officer of the jurisdiction in which the association or corporation is organized or chartered.

**7-07-06. Fees to be paid.** All foreign building and loan corporations shall pay to the commissioner of financial institutions the following fees, which must be paid to the state treasurer by the commissioner as hereinbefore provided: for filing each application for admission to do business in this state, five hundred dollars; for each certificate of authority and annual renewal of the same, two hundred dollars.

**7-07-07. Certificate may be revoked.** Should the commissioner of financial institutions find upon examination that a foreign corporation or association to which a certificate has been granted does not conduct its business in accordance with law, or that the affairs of such foreign corporation are in an unsound condition, or if such foreign corporation refuses to permit examination to be made, the commissioner may revoke its certificate of authority. Upon such revocation, the commissioner shall mail a notice thereof to the home office of such foreign corporation, and shall cause a similar notice to be published once in a newspaper published in the city of Bismarck, North Dakota. After publication of said notice, it is unlawful for any agent of such foreign corporation to transact any business in this state except to receive payments to apply on loan contracts then in effect.

**7-07-08. Examinations.** Every foreign building and loan corporation doing business in this state is subject to the same examinations as a domestic association. The expense of all such examinations must be paid by the corporation or association examined upon bills approved by the commissioner of financial institutions, and such expense shall include only necessary traveling expenses of the examiners and a sum of not to exceed twenty-five dollars per day for each examiner for each day actually required to make the examination. Such corporations need not be examined more often than once each year, and the commissioner may accept the result

of any similar examination made and certified by the constituted authority of any foreign jurisdiction having laws of supervision similar to those of this state.

**7-07-09. Contracts void before compliance.** If any foreign corporation attempts or commences to do business in this state without first having filed the statement, certificate, and consent required by this chapter or without complying with any or all of the laws of this state relating to the payment of fees or licenses, no contract made by it or its agent or agents during said time is enforceable by it until the provisions of this title have been complied with.

**7-07-10. Contracts deemed made in this state.** Any contract made by any foreign corporation with any citizen of this state relating to property in this state is deemed and considered a North Dakota contract and must be so construed by all the courts of this state.

**7-07-11. Suits - Duty of secretary of state.** The secretary of state upon receipt of any legal process in any action brought against a foreign corporation immediately shall mail the same to the home office of such foreign corporation, and within six days shall certify the fact of such mailing to the court in which such action or proceeding is pending. The plaintiff, for each process so served, shall pay the secretary of state a fee of two dollars, which shall be recovered by the plaintiff as part of the taxable costs if he prevails in the suit.

**7-07-12. Unsatisfied judgments - Sale of securities.** If any resident of this state recovers judgment against a foreign corporation and such judgment is not satisfied within thirty days after the entry thereof, the judgment creditor or the creditor's attorney may prepare and file with the commissioner of financial institutions an affidavit setting forth the fact of the recovery of the judgment, that the same has remained unpaid for thirty days, and that no proceedings are pending for the vacation of such judgment or for an appeal therefrom, together with the petition of such creditor for the sale of the securities of the judgment debtor on deposit with the Bank of North Dakota, any federal reserve bank, or any other custodian approved by the commissioner sufficient to satisfy said judgment. The judgment creditor or the creditor's attorney shall serve a copy of such affidavit and petition on the foreign corporation by registered or certified mail addressed to its principal office or place of business, and proof of such mailing must be filed with the commissioner. Unless such foreign corporation furnishes to the commissioner satisfactory proof of the payment of the judgment within ten days after the filing of the affidavit and petition herein mentioned, the commissioner, or a designated agent, shall issue an order for the sale of the securities of such corporation, at current market prices, to pay the judgment in full, together with five percent thereon to cover the commissioner's services and expenses. After a sale of securities as herein provided, such foreign corporation shall transact no new business in this state until the deficiency of securities caused by such sale has been made good by further deposit.